

Message Text

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ACTION AF-10

INFO OCT-01 EUR-12 IO-13 ISO-00 OES-07 FEA-01 AGRE-00

AID-05 CIAE-00 COME-00 EB-07 FRB-03 INR-07

NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

LAB-04 EPG-02 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-01 /116 W

-----190426Z 063318 /16

R 181400Z MAY 77

FM AMEMBASSY FREETOWN

TO SECSTATE WASHDC 5395

INFO AMEMBASSY ABIDJAN

AMEMBASSY ACCRA

AMEMBASSY CONAKRY

AMEMBASSY DAKAR

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY MONROVIA

AMEMBASSY VIENNA

USMISSION USUN NEW YORK

C O N F I D E N T I A L FREETOWN 1598

DEPARTMENT ALSO FOR OPIC, EXIM, AND AID/W

EO 11652: GDS

TAGS: SL, NI, EAID, OPIC, ECON

1. SUMMARY. NIGERIANS ACTIVELY SEEKING WAYS TO ASSIST SIERRA
LEONE MULTILATERALLY AND BILATERALLY. END SUMMARY.

2. DURING MY FAREWELL CALL ON NIGERIAN HIGH COMMISSIONER
OLAITAN, HE WAS UNUSUALLY OPEN ABOUT FMG'S EXPANDING ASSISTANCE
ACTIVITIES IN SIERRA LEONE. A MAJOR BREAKTHROUGH HAS BEEN
NIGERIAN AGREEMENT THAT, PENDING FINAL DETAILS BEING WORKED
OUT. SIERRA LEONE WILL BE ABLE TO PAY FOR ITS OIL PURCHASED
FROM NIGERIA IN LOCAL CURRENCY RATHER THAN IN FOREIGN EXCHANGE.
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LOCAL CURRENCY WILL THEN BE USED IN NIGERIAN ASSISTANCE PROGRAM.

3. NIGERIAN ASSISTANCE PROGRAM HAS TWO ASPECTS -- MULTILATERAL
AND BILATERAL. MULTILATERAL ONE ALREADY OFF THE DRAWING
BOARDS. FIRST PROJECT EXPECTED WILL BE DOLS3.5 MILLION LOAN
THROUGH THE AFRICAN DEVELOPMENT BANK FOR LOW COST HOUSING.
HE SAID THAT THE NIGERIANS HAD NOT ANALYZED PLANS FOR THIS IN

DETAIL, BUT HAD MERELY RESPONDED TO DESIRES OF GOSL. OLAITAN WAS PERSONALLY SKEPTICAL ABOUT WHETHER THE MONEY WOULD BE WELL SPENT OR WHETHER IT WOULD RATHER BE USED TO LINE THE POCKETS OF CONTRACTORS AND CONTRACTEES. NEVERTHELESS FMG HAD APPROVED THE LOAN. A SECOND SUM OF 2.5 MILLION POUNDS WILL SHORTLY BE PROVIDED THROUGH OPEC FOR RESOLUTION OF BALANCE OF PAYMENTS PROBLEMS.

4. ON BILATERAL SIDE FIRST PROJECT WAS MERELY AN AGREEMENT BY THE NIGERIAN GOVERNMENT TO GUARANTEE A COMMERCIAL LOAN IN NIGERIA FOR THE GOSL TO BUILD A DOLS750,000 CHANCERY. MORE SUBSTANTIVELY, RECENT NIGERIAN MISSION HAD ARRIVED WITH INSTRUCTIONS TO TRY TO LOCATE ONE OR MORE PROJECTS IN WHICH THE NIGERIANS MIGHT INVEST THEIR SIERRA LEONE CURRENCY. THE LIST THEY WERE GIVEN INCLUDED SUCH THINGS AS COCONUT PLANTATION, SUGAR FACTORY, CANNING FACTORY, AND OIL JETTY. AFTER LOOKING AT EACH ONE OF THESE AND ASSESSING THE POLITICAL AS WELL AS THE ECONOMIC PAYOFF OF SUCH PROJECTS, THE NIGERIAN TEAM FOCUSED ON THE CLOSED IRON ORE MINE AT MAROMPA, AS THE MOST LIKELY TO PROVIDE MEANINGFUL SHORT-TERM PAYOFF. OLAITAN SAID THAT THE NIGERIANS REALIZED THAT A NUMBER OF OTHER PEOPLE HAD LOOKED AT MARAMPA AND HAD NOT FOUND THE SITUATION THERE PROMISING. THEY WERE ENCOURAGED, HOWEVER, BY DISCUSSIONS WITH ATTORNEY GENERAL PRATT ABOUT THE FEASIBILITY OF ENTERING INTO A DEAL WITH THE SIERRA LEONEANS. THEY WERE EVEN WILLING TO PUT IN ENOUGH MONEY PERHAPS FOR A FACTORY TO RAISE THE QUALITY OF THE IRON ORE.

5. OLAITAN SAW THE NIGERIAN INTEREST IN MARAMPA AS PART OF A CONFIDENTIAL

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GENERAL INTEREST IN OBTAINING ACCESS TO IRON ORE, AS EX-EMPLIFIED BY RECENT NIGERIAN ACTIVITY WITH GUINEA. OLAITAN CONFIDED THAT THIS ACTIVITY WAS ALMOST EXCLUSIVELY RELATED TO TRYING TO GET ACCESS TO GUINEAN IRON ORE, WHICH IS OF HIGHER QUALITY THAN SIERRA LEONEAN ORE.

6. OLAITAN SAW MARAMPA PROJECT AS HAVING IMMEDIATE POLITICAL PAYOFF FOR FMG SINCE IT WOULD LEAD TO JOBS AND OTHER RELATED BENEFITS FOR THE PEOPLE IN NORTHERN PROVINCE GENERALLY AND AREA AROUND THE MINE PARTICULARLY. HE ALSO REALIZED THAT THIS WAS MATTER OF PRIORITY WITH GOSL. HE WAS UNSURE, HOWEVER, WHAT KIND OF REPORT HIS EXPERTS WOULD BE SUBMITTING.

7. COMMENT. CURRENT GOSL-FMG RELATIONS ARE NOT VERY WARM, AND GOSL HARBORS LOVE-HATE RELATIONSHIP WITH WHAT THEY VIEW AS THEIR BIG, RICH, AND PUSHY SISTER COMMONWEALTH NEIGHBOR. IF POSITIVE MOVEMENTS NOTED ABOVE COME TO FRUITION, RELATIONS WILL DEFINITELY IMPROVE.
SAMUELS

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